UNITED STATES PATENT AND TRADEMARK OFFICE

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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE BOARD OF PATENT APPEALS AND INTERFERENCES

Application Number: 09/904,061
Filing Date: July 12, 2001
Appellant(s): COLE ET AL.

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Joel G. Landau
For Appellant

EXAMINER'S ANSWER

This is in response to the appeal brief filed 19 March 2007 appealing from the Office action

mailed 28 July 2006.

(1) Real Party in Interest

A statement identifying by name the real party in interest is contained in the brief.

(2) Related Appeals and Interferences

The examiner is not aware of any related appeals, interferences, or judicial proceedings which will directly affect or be directly affected by or have a bearing on the Board's decision in the pending appeal.

(3) Status of Claims

The statement of the status of claims contained in the brief is correct.

(4) Status of Amendments After Final

The appellant's statement of the status of amendments after final rejection contained in the brief is correct.

(5) Summary of Claimed Subject Matter

The summary of claimed subject matter contained in the brief is correct.

(6) Grounds of Rejection to be Reviewed on Appeal

The appellant's statement of the grounds of rejection to be reviewed on appeal is correct.

(7) Claims Appendix

The copy of the appealed claims contained in the Appendix to the brief is correct.

(8) Evidence Relied Upon

6,312,333	Acres	11-2001
5,505,461	Bell et al.	04-1996
5,326,104	Pease et al.	5,326,104

4,882,473   Bergeron et al.   11-1989

(9) Grounds of Rejection

The following ground(s) of rejection are applicable to the appealed claims:

Claim Rejections - 35 USC § 102

1.   The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the

basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless —

(e) the invention was described in a patent granted on an application for patent by another filed in the United States before the invention thereof by the applicant for patent, or on an international application by another who has fulfilled the requirements of paragraphs (1), (2), and (4) of section 371(c) of this title before the invention thereof by the applicant for patent.

The changes made to 35 U.S.C. 102(e) by the American Inventors Protection Act of 1999

(AIPA) and the Intellectual Property and High Technology Technical Amendments Act of 2002

do not apply when the reference is a U.S. patent resulting directly or indirectly from an

international application filed before November 29, 2000. Therefore, the prior art date of the

reference is determined under 35 U.S.C. 102(e) prior to the amendment by the AIPA (pre-AIPA

35 U.S.C. 102(e)).

2.   Claims 11-19, 22-25, 27-33, 35-44 & 47 are rejected under 35 U.S.C. 102(e) as being

anticipated by Acres (US Patent Number 6,312,333).

Clams 11, 12, 14, 16, 17, 24, 25, 28, 29, 36, 37, 39, 41, 42: Claims 11, 12, 14, 16, 17 are

clearly anticipated by Acres – See Figs 1-3 & Summary of the Invention.

Acres teaches enabling payout to the player of all winnings including all winnings

over the threshold amount during the reduced interruption gaming session. (Col 6, 50 –

Col 7, 6) At Col 6, 59-63, Acres clearly indicates that there will be cases where no

money is withheld. Acres teaches that, "The payment amount is determined by the amount won and the withholding amount if any. If a withholding amount is specified, it is deducted from the amount paid. In some cases, the protocol will not contain such a command." (Emphasis added.) Acres also teaches that the system may "Immediately approve the award and make payment." (Col 6, 50) Examiner takes this to mean that the winnings are paid immediately – without waiting until the jackpot related information statement is generated. This means that the player continuously maintains access to all winnings.

In the case where there is an immediate payout is a result of the player pressing the cashout button on the slot machine, the statement would be generated after the reduced interruption gaming session is terminated. Clearly, the player has the option of continuing to play the reduced interruption gaming session as desired.

Claims 13, 38: Acres teaches that the database contains all the information necessary to complete the W2-G. (Col 5, 28-31) This inherently includes the player's name, address & tax identification number.

Claims 15, 40: Fig 2 shows a gaming machine (12) with a microprocessor (52) that is programmed with the protocol necessary to carry out uninterrupted play – i.e., play without intervention of casino personnel.

Claims 18, 43: Acres discloses a number of keys or buttons such as the spin button (53) and coin-in button (Col 4, 46), etc. This is essentially a keypad.

Claims 22, 27, 35, 47: Acres discloses that the gaming machine is in a casino. Thus physical access to the gaming machine is limited to casino patrons. Casino patrons are given physical access to the gaming machines.

Claim 23: Acres teaches a computer network that must inherently include a computer program product. This program enables the network to allow for an uninterrupted play session on a gaming machine even when a reportable jackpot is won – i.e., no intervention by casino personnel is required. There is code to enable a central storage computer to store player related information (88) There is code to allow a gaming machine to enter uninterrupted play in response to user input – insertion of card (66) into card reader (60). There is code to enable the gaming machine to send signals representing jackpot-related information to the central storage computer (44), which is receive and recorded whenever a reportable jackpot is won. There is code to enable the gaming machine to communicate to the central computer that an uninterrupted session has ended (i.e., the cash out signal). There is code to allow the central computer to generate a statement including player-related information and jackpot-related information (i.e., W2-G) after an uninterrupted session has ended. (Col 7, 33-43)

Acres teaches enabling payout to the player of all winnings including all winnings over the threshold amount during the reduced interruption gaming session. At Col 6, 59-63, Acres clearly indicates that there will be cases where no money is withheld. Acres teaches that, "The payment amount is determined by the amount won and the withholding amount if any. If a withholding amount is specified, it is deducted from the amount paid. In some cases, the protocol will not contain such a command." (Emphasis added.) Acres

also teaches that the system may "Immediately approve the award and make payment."

(Col 6, 50) Examiner takes this to mean that the winnings are paid immediately –

without waiting until the jackpot related information statement is generated. Since

Acres' invention is implemented on a computer, there must inherently be code to carry

out the described function.

Claim 30: Acres teaches gathering information necessary to complete IRS Form W2-G.

IRS regulations require the casino to fill out Form W2-G for certain jackpots. The

instructions for the form require identification numbers from a driver's license, social

security card, or voter registration to be inserted into boxes 11 & 12 of the Form W2-G.

Thus looking at these documents is inherently required by Acres' disclosure.

Claim 31: Acres teaches filing the W2-G. (Col 6, 26-28)

Claim 32: The W2-G is a statement of the jackpot-related information. It is provided to

the player.

Claims 19, 33: Since the game machines can play an uninterrupted game, they must be

enabled to execute a protocol putting the gaming machine in uninterrupted mode.

Claim 44: The protocol for uninterrupted play is inherently capable of being activated

by an enabling event. Some event must enable the described process to take place. This

event is, by definition, an enabling event.

Claim Rejections - 35 USC § 103

3.   The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all

obviousness rejections set forth in this Office action:

> (a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in
> section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are
> such that the subject matter as a whole would have been obvious at the time the invention was made to a person

having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

4.   Claims 1, 2 & 4-10 are rejected under 35 U.S.C. 103(a) as being unpatentable over Bell et

al. (US Patent Number 5,505,461) in view of Acres (US Patent Number 6,312,333).

Claim 1: Bell teaches a method of allowing a United States-taxable player to participate

in an uninterrupted gaming session when a jackpot over a threshold amount is won on a

slot machine. (Col 3, 58-60) Bell teaches collecting and storing player-related

information. (Col 5, 39-42) Bell teaches recording the jackpot-related information

whenever a jackpot greater than a threshold amount is won and crediting winnings to the

player. (Col 3, 30-42) Bell also teaches generating a statement referencing the recorded

jackpot information and player information after the player is done playing. (Col 4, 43-

60) Bell teaches ensuring that the player continuously maintains access to all winnings,

including all winnings over the threshold amount. The amounts are recorded on the IRS

meter and the player may use them to make additional wagers. (Col 3, 25-55 & Col 4,

27-38) Bell teaches recording the nationality of the player so that money will not be

withheld in cases where IRS rules do not apply. (Col 5, 43-47) Naturally, if no taxes are

withheld, no reduction is made to the winnings and the player receives all winnings over

the threshold amount. Bell clearly has the ability to make instantaneous payouts for

amounts over the threshold amount. Bell teaches generating a statement upon

termination of the gamming session. (Col 3, 47-49) Bell teaches use of player tracking

cards, but fails to teach the details of the system. Player tracking systems are extremely

well known to the art. They allow casinos to keep track of player activities so that the

casinos can tailor there marketing to patron requirements. Acres teaches a tracking

device having a central server that is connected to the gaming machine. (Fig 2, 60) & Col 2, 1-10) It would have been obvious to one of ordinary skill in the art at the time of the invention to have modified Bell to include a tracking device having a central server that is connected to the gaming machine as taught by Acres in order to carry out Bell's teaching of using a player tracking system and to allow casinos to keep track of player activities so that the casinos can tailor there marketing to patron requirements.

Bell also fails to teach enabling the payout before the jackpot related information statement is generated. Acres teaches that with a player tracking system, it is possible to immediately approve the award and make payments. (Col 6, 50) Since the W2-G form is generated by a processor that is not on the gaming machine, this means that the player does not have to wait until the form is actually printed before receiving the winnings. This adds to player convenience. It would have been obvious to one of ordinary skill in the art at the time of the invention to have modified Bell in view of Acres to enable the payout before the jackpot related information statement is generated in order add to player convenience.

As pointed out above, Bell teaches obeying IRS rules for making payments. To the extent that immediate payouts of cash amounts over the threshold amount are permitted by law, Examiner believes that Bell would make those payments. Acres, however, explicitly teaches making immediate payouts over the threshold amounts. (Col 6, 50- Col 7, 6) Acres makes it clear that this is done in cases where it is legal to do so. This immediate payout provides the player with his money in a timely manner. It would have been obvious to one of ordinary skill in the art at the time of the invention to have

modified Bell (to the extent that any modification is necessary) in view of Acres to

provide an immediate payout of any winnings over the threshold amount in order to

provide the player with his money in a timely manner.

Claim 2: Bell's preprogrammed gaming machine is allowed to play an uninterrupted

game even if a reportable jackpot is won. (Col 3, 58-60)

Claim 4: Bell's player is given physical access to the game of chance dedicated to

uninterrupted play. (Fig 1) The player actually gets to touch the slot machine to pull

handle (14).

Claim 5: Bell teaches verifying a player's identity and citizenship. (Col 5, 19-25)

While the method of doing so is not stated, this could not be done without viewing

documents that qualify as proof of the player's identity.

Claim 6: Bell teaches gathering tax-related information from the player. (Col 5, 19-25)

Claim 7: Bell teaches verifying the player's identity but does not explain in detail how

to accomplish. (Col 5, 19-25) IRS regulations require the casino to fill out Form W2-G

for certain jackpots. The instructions for the form require identification numbers from a

driver's license, social security card, or voter registration to be inserted into boxes 11 &

12 of the Form W2-G. Thus looking at these documents is required by Bell's disclosure.

Claim 8: Bell teaches that the tax-related information is the player's name and tax

identification number (Col 5, 19-25), but does not specifically disclose collecting the

address. Bell teaches filling out Form W2-G, which requires the player's address. Thus

the collection of the address data is inherent in Bell's disclosure.

Claim 9: IRS regulations require that the Form W2-G be filed (i.e., reported to a taxing authority) when the jackpot exceeds a certain threshold. While Bell does not specifically disclose filing the paperwork, there would be no other reason to generate the form. Thus Bell teaches reporting the jackpot to the IRS by implication or, in the alternative, it would have been obvious to one of ordinary skill in the art at the time of the invention to have filed the Form W2-G in order to comply with IRS regulations.

Claim 10: Bell teaches providing the player with a statement referencing jackpot information after the player is done playing. (Col 4, 53-60) The W2-G is such a statement.

5.   Claim 3 is rejected under 35 U.S.C. 103(a) as being unpatentable over Bell and Acres as applied to claim 1 in view of Bergeron et al. (US Patent Number 4,882,473) and Pease et al. (US Patent Number 5,326,104).

Claim 3: Bell and Acres teach the invention substantially as claimed including the use of a player card. Bell and Acres do not teach inserting an agent card or selecting uninterrupted play from a menu. Bergeron teaches insertion of an agent card for the purpose of enhancing security. (Abstract) It would have been obvious to one of ordinary skill in the art at the time of the invention to have modified Belle and Acres to require the insertion of an agent card to enhance security as taught by Bergeron. Menus are ubiquitous – virtually every computer system that allows a selection provides a menu. Pease teaches a menu-driven system and states that menu-driven systems are easy to operate. (Col 17, 67-68) It would have been obvious to one of ordinary skill in the art at the time of the invention to have modified Bell and Acres to allow the selection of

uninterrupted play from a menu screen on the display as taught by Pease in order to make

the system easy to operate.

6.   Claims 20, 21, 26, 34, 45 & 46 are rejected under 35 U.S.C. 103(a) as being unpatentable

over Acres as applied to claim 19, 24, 33, or 44 (if applicable) in view of Bergeron et al. (US

Patent Number 4,882,473) and Pease et al. (US Patent Number 5,326,104).

Claims 20, 26, 34, 45: Acres teaches the invention substantially as claimed including the

use of a player card and the details of network communication and signaling. Acres does

not teach inserting an agent card or selecting uninterrupted play from a menu. Bergeron

teaches insertion of an agent card for the purpose of enhancing security. (Abstract)

Bergeron also teaches entering enabling information (a PIN) into a keypad (72) in

communication with the gaming machine. (Col 7, 53-61) This also enhances security. It

would have been obvious to one of ordinary skill in the art at the time of the invention to

have required the insertion of an agent card and the use of a PIN prior to allowing user

access in order to enhance security. While Bergeron appears to allow the agent card (10)

to remain in the card reader when the player card is in use, Bergeron has two card

readers. Acres teaches a device with one card reader. A machine with one card reader is

cheaper than the same machine with two. It would have been obvious to one of ordinary

skill in the art at the time of the invention to have removed the agent card from the card

reader prior to inserting the user card so that the same card reader could be used for both

cards, thus reducing costs.

Menus are ubiquitous – virtually every computer system that allows a selection

provides a menu. Pease teaches a menu-driven system and states that menu-driven

systems are easy to operate. (Col 17, 67-68) It would have been obvious to one of

ordinary skill in the art at the time of the invention to have selected uninterrupted play

from a menu screen on the display in order to make the system easy to operate.

Claim 21, 46: Acres teaches using data on a player-tracking card to identify the player

using a particular machine. Since the card identifies the player that is playing the

machine, removing the card would make it impossible to look up the player record as

required in step 88 of Fig 3. Therefore, Acres effectively teaches deactivating

uninterrupted play when the player removes the card from the card reader.

(10) Response to Argument

Overview of the Withholding Issue

This case is about whether the prior art teaches withholding taxes from winnings above a

certain threshold. Appellant's inventive concept is that Appellant's slot machine pays the full

amount of winnings without any withholding.

In the 21 December 2004 Office Action, Examiner made a rejection under 35 USC §101

based on the theory that the IRS required withholding and that paying the entire award without

withholding would be illegal. In order to overcome this rejection, Appellant stated (on 21 April

2005) that sometimes withholding is required and sometimes it is not. If the player provides a

proper taxpayer ID number, no withholding is required. Otherwise withholding is required.

Thus Appellant's device does not always commit a felony, though apparently, it may do so since

the claims do not mention checking to see if the taxpayer ID is on file. (Note that as written, the

Appellant's **claimed** invention is anticipated by the thousands of patents on gaming machines

that do not mention withholding. The Appellant's specification states that it is necessary to have

the taxpayer ID number on file, but such a limitation cannot be read into the claims.)

At issue is whether Acres teaches withholding regardless of whether the taxpayer ID is on

file (as Appellant contends) or withholding only where required by the IRS (as Examiner

contends).

Claims 11-19, 22-25, 27-33, 35-44 & 47

(1) Appellant argues that, "the Acres gaming machine withholds a percentage of the

winnings over the threshold amount for tax payment." (Brief, page 8.) Yet Appellant admits

that Acres states, "[t]he payment amount is determined by the amount won and the withholding

amount if any. If a withholding amount is specified, it is deducted from the amount to be paid."

(Brief, page 8, Acres Col 6, 59-63, emphasis added.) This clearly shows that Acres contemplates

a situation where no withholding amount is specified – i.e., where Acres does not withhold taxes.

Furthermore, as Appellant also point out (on page 8 of the Brief), Acres teaches that the

withholding amount is determined "by taking into account the bonus amount originally won and

any applicable tax withholding prescribed by IRS regulations." (Acres Col 6, 35-38, emphasis

added.) Clearly, if the IRS does not prescribe (i.e., require) withholding, this amount will be

zero. Thus, assuming that the IRS does not require withholding (i.e., because the player

provided the proper information), the formula for determining the winnings will be as follows:

$$\text{Winnings} = \text{Bonus Amount Originally Won} - 0$$

(2) Appellant argues that Acres only pays once the amount to be paid is determined. Yet

no modern slot machine pays before the amount to be paid is determined. Appellant then argues

that Acres teaches immediately locking up the gaming machine when the amount is over the

threshold amount. But this ignores Acres' disclosure that if the IRS allows immediate payment,

then the machine makes immediate payment of the amount won minus any withholding <u>required</u>

(which in this case is zero). (Col 6, 50-63)

Naturally, Acres discusses the procedures to follow if the IRS requires locking the

machine. But these procedures are not applicable to the case where locking the machine <u>is not</u>

required.

(3) Appellant's arguments regarding the sentence, "In some cases, the protocol will not

contain such a command," has some merit. (See Acres, Col 6, 63-64) Examiner believed the

sentence to be referring to a command to the system to withhold taxes in the immediately

preceding sentence. However, upon further consideration, Examiner believes it to be referring to

the following passage from Acres:

> Immediately approve the award and make payments... In this case, a payment
>
> authorization message is sent back through the system to the winning games MCI
>
> 50 (FIG. 2). The MCI then sends a message to the game and clears the game for
>
> normal operation by sending the appropriate command... In some cases, the
>
> protocol will not contain such a command. (Col 6, 50-63)

Acres makes it clear that when the protocol does not contain such a command, the

gaming machines have an electrical output device that causes the game to be reset (without

human intervention) and the game to be cleared for normal operation. (Col 6, 62- Col 7, 1)

Thus in either case, Acres teaches immediate payment of the full amount (assuming that

no withholding is required) with no interruption of the play by locking the machine.

(4) Appellant argues that Acres teaches payment of the reduced amount only. Yet as pointed out above, Acres teaches reducing the winnings by the amount <u>required</u> by the IRS. If the IRS does not require reduction in the amount, then full payment would be made.

Summary

Acres teaches keeping a database of player tax information. Among the data stored in the database is whether or not withholding is required. (Col 5, 21-23) Examiner contends that if withholding is not required, that fact would be reflected in the database. It would be meaningless for Acres to record this information & fail to use it. Examiner contends that Acres uses this information to determine whether or not to reduce the payout amount. For further evidence, Examiner points to Acres' disclosure that the amount paid is determined by the amount won and the withholding amount <u>if any</u>. Acres goes on to say that <u>if</u> an amount of withholding is specified, it is subtracted from the amount won. This indicates that if the database says no withholding is required, then no withholding will be subtracted. On top of that, Acres states that the payout amount is the amount won less any withholding <u>prescribed by the IRS</u>. If the IRS does not prescribe withholding this fact would be recorded in the database and this amount would be zero. Examiner believes that this is an overwhelming case in support of his contention that Acres does not withhold taxes if the IRS does not require taxes to be withheld. It is certainly inherently capable of paying the full amount without withholding. (For that matter, every slot machine is inherently capable of paying the full amount without withholding.)

<u>Claims 1, 2 & 4-10</u>

(1) Appellant states that Bell teaches that when a player wins over the threshold amount, the player maintains access to the full amount for wagering, but not for immediate cash out. Examiner agrees, but relies on Acres to make up this deficiency.

(2) Appellant then states that Examiner's contention that Bell teaches recording the nationality of a player so that money will not be withheld in cases where IRS rules do not apply is false. Yet Bell explicitly states this fact. (Col 5, 43-47) Examiner does not contend that Bell teaches failing to withhold taxes for US citizens. Examiner merely points out that Bell has the capability to pay the full amount without withholding. Examiner relies on Acres to teach immediate payment of the full jackpot amount to US citizens – under those circumstances where the IRS does not require withholding.

(3) Appellant finally addresses Acres by stating that, "As explained above with regard to the anticipation rejection, Acres does not disclose the limitations at issue." (Brief, page 11.) As discussed above, Acres does teach immediate payment of the full jackpot amount to US citizens – under those circumstances where the IRS does not require withholding.

Summary

Appellant has failed to address the teaching of the combination of references by arguing the references individually. In response to appellant's arguments against the references individually, one cannot show nonobviousness by attacking references individually where the rejections are based on combinations of references. See *In re Keller*, 642 F.2d 413, 208 USPQ 871 (CCPA 1981); *In re Merck & Co.,* 800 F.2d 1091, 231 USPQ 375 (Fed. Cir. 1986).

Examiner contends that taken as a whole, the cited art teaches the claimed invention.

Claim 3

Appellant states, "The Examiner has not proffered any detail, and in fact no exists, as to how Bergeron or Pease overcome the deficiencies of Bell. As none of Bell, Bergeron, Pease and combinations of Bell, Bergeron and Pease disclose, teach, or suggest each and every limitation of claim 3, claim 3 is not obvious from Bell in view of Bergeron and further in view of Pease." (Brief, Page 11.) Truer words were never spoken.

Nor were more irrelevant words ever spoken. Claim 3 is not rejected as obvious over a combination of Bell, Bergeron & Pease. Claim 3 is rejected as obvious over a combination of Bell, Acres, Bergeron & Pease. Acres overcomes the deficiencies of Bell. Bergeron & Pease overcome the deficiencies of the combination of Bell and Acres.

Claims 20, 21, 26, 34, 45 & 46

Appellant states, "The shortcomings of Acres are well documented above with regard to the arguments set forth for claims 11, 24, 29 & 36." Since no other arguments are forthcoming, Appellant appears to intend that this group stand and fall with claims 11, 24, 29 & 36.

Conclusion

The interpretation of the Acres reference appears to be dispositive in this case. Appellant's entire case rests on supposed deficiencies in Acres – the alleged inability of Acres to make an immediate payout of the entire amount of any jackpot over the IRS threshold amount. Examiner has presented evidence that not only does Acres have the inherent ability to make an immediate payout of the entire amount of any jackpot over the IRS threshold amount, but that Acres does so to the extent allowed by the IRS. Simply put, if the IRS allows immediate
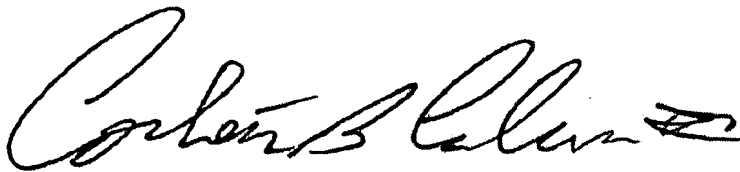
payment of the full jackpot without withholding (i.e., the withholding amount = 0), then Acres

clearly indicates that this is done. For this reason, Examiner asks that the rejection be upheld.

(11) Related Proceeding(s) Appendix

No decision rendered by a court or the Board is identified by the examiner in the Related

Appeals and Interferences section of this examiner's answer.

For the above reasons, it is believed that the rejections should be sustained.

Respectfully submitted,

CORBETT B. COBURN
PRIMARY EXAMINER

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